

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2013 - SB 2229

March 26, 2009

SUMMARY OF BILL: Requires motor vehicles to be registered in county of owner's residence by removing the option of registration in a county where the vehicle is based or operated. Deletes current requirement stating that county residents purchasing vehicles out of their county of residence can receive county name strips from the county clerks of their county of residence upon proof of proper registration and payment of any county wheel tax or other applicable county fees.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$8,041,000/Recurring
Increase State Expenditures - \$160,000/One-Time

Decrease Local Revenue - \$7,805,500/Recurring

Assumptions:

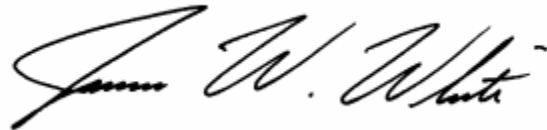
- According to the Department of Revenue (DOR), approximately five percent of all passenger motor vehicles are registered to owners who reside out-of-state. Five percent represents approximately 258,962 passenger motor vehicles.
- The state fee for registering a passenger motor vehicle is \$21.50.
- According to DOR, there were 250,666 commercial motor vehicles registered in Tennessee in February 2009. DOR indicates that registrations for these commercial motor vehicles produce a revenue stream of \$40,933,883 per year (or approximately \$163.30 per commercial motor vehicle per year).
- Five percent of commercial motor vehicles (12,533) are registered by owners residing out-of-state.
- According to DOR, there are currently 213,336 leased vehicles where the owner or lessor resides out-of-state.
- The state currently receives a \$2.00 authorization fee to register leased vehicles. According to DOR, the state would lose this revenue as a result of this bill.

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- The recurring decrease to state revenue is estimated to be \$8,041,000 per year $[(258,962 \times \$21.50) + (12,533 \times \$163.30) + (213,336 \times \$2.00) = \$8,040,994]$.
- According to DOR, the average county wheel tax for all registration types is approximately \$28.75.
- The recurring decrease to local government revenue is estimated to be \$7,805,500 per year $[(258,962 + 12,533) \times \$28.75 = \$7,805,481]$.
- One-time state expenditures for computer and software modifications are estimated to be \$160,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc